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SUBJECT: EUROPEAN COUNCIL DEC. 16-17: HIGH STAKES, HIGH
DRAMA

REF: USEU TODAY 12/10/2004

Classified By: Rick Holtzapple, PolOff, Reasons 1.4 (B/D)

SUMMARY

1. (C) As the EU heads into final preparations for its December 16-17 summit (European Council) meeting, a limited number of high stakes issues remain open for final agreement. The main issue for heads of state and government will be Turkey, and possibly Croatia and the China arms embargo (although the latter two issues could be largely settled before the Summit begins). Other less contentious issues include Bulgarian and Romanian accession, the Financial Framework for 2007-2013, combating terrorism, Ukraine, and the Middle East Peace Process, as well as transatlantic relations. UN SYG Kofi Annan has also been invited to attend the Summit as a sign of the importance the EU places on the UN. END SUMMARY.

DEC. 16: TURKEY AND OTHER ENLARGEMENT ISSUES

2. (C) A Dutch contact told us on December 10 that the Presidency does not intend to circulate proposed language for the key bracketed portions of the Turkey section of the Conclusions until Thursday, December 16. But the Dutch then hope to reach a decision on the full Enlargement section of the Conclusions, including the Turkey text, at the leaders' restricted dinner session on December 16. Based on initial readings of what EU FMs have agreed at the December 13 GAERC, it appears most other enlargement related issues are solved. Compromise language was reportedly reached today on Croatia stating that full cooperation with ICTY must be confirmed before negotiations begin, but not requiring such confirmation to come via another Council decision. This means the only remaining decision is to set the actual date for beginning Croatia's negotiations. Similarly, it appears the only issue to be settled for Romania and Bulgaria is the date on which they will sign their Accession Treaty (Romania's December 12 election results and opposition leader Basescu's surprise victory does not seem likely to cause any hiccups for Romania's accession.)

DECEMBER 16: EU FMS' DINNER

3. (C) While the Heads are in their dinner discussing enlargement, EU FMs will be in a separate dinner session where they are expected to finish up language on Declarations regarding Ukraine and the Middle East Peace Process. We do not have all the details on these texts, but do not expect any major surprises. FMs will also have a discussion of the implementation of the EU's Security Strategy (drafted by High Rep Solana's staff and endorsed by leaders last fall) and its implications for transatlantic relations. We presume, but cannot yet confirm, that this discussion will lead to some Conclusions or Declaration being issued, but it may be no more than the very general language included in para 54 of the draft already circulating informally in Brussels (EUR/ERA has a copy).

4. (C) All other texts on external relations (Iran, Iraq, Afghanistan, European Neighborhood, et al) appear to already have been completed and do not hold major surprises. The Iran language will likely be amended to note that the EU-3 FMs (Barnier, Straw and Fischer) accompanied by High Rep Solana, met on December 13 in Brussels with Iranian officials to discuss the negotiation of the EU's Trade and Cooperation Agreement with Iran. The Conclusion's discussion of "effective multilateralism" could also be amended to reflect the decision to invite UN SYG Kofi Annan to join the EU leaders the morning of December 17 for a brief session (our Dutch contact expected between 30 minutes and one hour).

CHINA ARMS EMBARGO

5. (C) At COREPER on December 9, France unexpectedly tabled a draft Declaration for the European Council on lifting the China arms embargo (REF A). At the same time, Paris withdrew its objections to a formula for strengthening the EU Code of Conduct on arms exports that had been agreed by the other member states in October. Coming just one day after the

EU-China summit, at which the EU gave China a "positive signal" on the arms embargo but refrained from lifting it, the French draft seems designed to demonstrate Chirac's pro-China credentials and to make further progress on the issue before the end of the year. Our Council Secretariat and member state contacts describe general frustration with this 11th-hour French effort, and did not think Paris will succeed in getting the embargo lifted at the EU Summit on December 17.

16. (C) Two hurdles stand in the way of a quick (i.e. this week) decision to lift the embargo. First, public attention to China's human rights record is high following the EU-China summit. While EU leaders have not formally linked the arms embargo issue to human rights concerns, European publics and parliaments have. Unless China makes gestures this week on these issues, lifting the embargo just one week after the EU-China summit would damage EU credibility by making it look as if the EU was rolling over for China while paying nothing more than lip service to human rights. Second, EU leaders will be sensitive to the President's planned February visit to Europe, and may want to avoid taking a decision with negative and public consequences for transatlantic relations. They are aware that the US is "reaching out" to Europe, and some member states will be wary of slapping the outstretched hand at such a delicate moment.

17. C) Based on sketchy preliminary readouts from today's GAERC discussions, we understand that the Code of Conduct was not adopted at today's meeting, and that Foreign Ministers resisted France's call to lift the embargo this week. Instead, the Luxembourg Presidency is likely to pick up this issue with an aim to completing it before the summer hand-off to the UK Presidency. That said, the French can still press to bring this issue back onto the agenda at the summit on Dec. 16-17, although the chance of pressing this through to conclusion at this week's session appears to be unlikely.

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